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ABSTRACT

This report is based on data from the 16th annual (1988) Survey of Corporate Contributions and notes a slowing of growth in corporate support of education since 1985. Narrative, tables, and graphs provide detail and analysis of major trends including the following highlights: (1) corporate contributions to education for 1988 is estimated at $2.1 billion; (2) preliminary data for 1989 and 1990 suggest continued growth of about 4% annually; (3) education received the largest share (37%) of the $1.65 billion given to all causes by the 356 surveyed companies with colleges and universities securing 64% of education dollars, and precollege education claiming 8.8% of the total; (4) contributions continued to decline from the prior year as a share of corporate earnings; (5) noncash gifts of company products and property fell, while cash contributions to education rose; (6) more than two-fifths of all contributions were made by corporate foundations; and (7) the top 25 contributors from manufacturing and nonmanufacturing sectors together provided more than two-thirds of the education support reported by all companies. Additional information includes regional differences, year-to-year changes, and variations by company size. (DB)

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CORPORATE SUPPORT OF EDUCATION

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1988 SURVEY HIGHLIGHTS

National estimates: Corporate contributions to education and to all causes grew modestly in 1988, following the pattern of the previous two years. For 1988, total contributions are estimated at $4.8 billion; giving to education at $2.1 billion. Page 2

Preliminary data for 1989 and 1990 suggest continued steady growth of about 4 percent annually. Page 3

Survey results: Education received the largest share — 37 percent, or $615 million of the $1.65 billion given to all causes by the 356 participating companies. Page 4

Colleges and universities secured 64 percent of education dollars, about a 6 point drop in share from their typical 70 percent share. Precollege education claimed 8.8 percent of the total, up from its usual 6 percent. Page 5

As in 1987, contributions declined from the prior year as a share of corporate earnings. Page 7

Noncash gifts of company products and property fell, while cash contributions to education rose. Page 9

More than two fifths of total contributions were made by corporate foundations. Page 10

The top 25 contributors from the manufacturing and from the nonmanufacturing sectors together provided more than two thirds of the education support reported by all companies. Page 11

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National Trends in Corporate Support

Growth in corporate support of education has slowed significantly from the double digit increases experienced between 1975 and 1985. In 1988, the latest year for which structured data are available, the Council for Aid to Education estimates that corporations donated about $2.1 billion in the U.S. to educational causes (**Table 1**). That represents an increase of $50 million, or 2.4 percent, over 1987, the smallest year-to-year percentage rise since 1975.

Over the past three years, corporate contributions to education have grown on average 4 percent annually, essentially keeping pace with inflation. In 1988, education giving fell by about 1.5 percent, when adjusted for inflation using the Consumer Price Index (CPI). If the adjustment for inflation is made with the Higher Education Price Index (HEPI), which better reflects changes in the price of goods and services that higher education institutions purchase, the buying power of corporate contributions to education fell by about 2 percent.

Not just education contributions, but corporate contributions in the U.S. to all causes — health, human services, the arts and the rest — have been growing more slowly. For 1988, CFAE estimates total corporate contributions were up by about $150 million, or 3.2 percent. When corrected for inflation (CPI), total giving declined by about 1 percent.

The slowdown in growth of corporate contributions over the past three years is not surprising, given the unprecedented levels to which they had climbed by 1985. Indeed, the slowdown appears to be the inevitable reaction to the 1975-85 decade, when increases in giving to education averaged 15 percent annually. If anything in the figures is remarkable, it is the high level that contributions achieved by 1985 despite flat or inconsistent profits. Because corporate profits showed healthy increases in 1987 and 1988, giving as a percentage of pretax net income (PTNI) fell each year from the 1986 highs. However, the estimated 1988 ratios — 1.56 percent of PTNI for total giving and 0.68 percent of PTNI for education — remain well above the levels of the 1970s.

EDUCATION'S SHARE

The share of corporate contributions received by education in 1988, at 43.8 percent, remained at the all-time high level reached in 1987. If corporate gifts of products, i.e., inventory, were included at full market value rather than at tax-deduction value, education's share of the total would be somewhat higher.

Indications are that there is an increasing commitment to the precollege sector, although it is not yet possible to quantify this trend precisely. Nevertheless, for the first time, support for precollege education appears to be growing at a faster rate than support for higher education. Nor does this faster rate reflect the full corporate commitment to precollege education, which frequently takes a form not easily measured in dollars, e.g., volunteer time during and after business hours and free use of corporate space and facilities.

This report is based on data from the annual Survey of Corporate Contributions, cosponsored by the Conference Board and the Council for Aid to Education. Additional copies are available upon request from the Council.

OUTLOOK FOR 1989-90

Preliminary data and anecdotal evidence available to CFAE suggest that inflation-adjusted corporate contributions, both in total and to educational causes, will be flat or down slightly through 1990. Education will maintain its current share of total contributions, and the precollege sector will increase its share of the education total.

The contributions figures are estimates by CFAE based on survey data, reports from educational institutions and other fragmentary information from CFAE supporters. These estimates have squared well in the past with the actual figures on corporate contributions tabulated by the Internal Revenue Service; such figures are normally available about three years after the period in question, so the 1987 figure will be available in mid-1990.

Readers should keep in mind that the following survey results may not reflect the contributions picture for the entire corporate population. There are more than 3 million corporate entities that file federal tax returns, of which some 600,000 report contributions for tax purposes. The survey results for 1988 are based on data from only 356 corporations (most of them major donors) and their foundations, most of which reported contributions of $100,000 or more. Collectively, these companies are estimated to account for over 34 percent of the contributions reported by all U.S. corporations; the survey provides no information whatever about the companies that account for the other 66 percent.

While it is possible to design a sample as small as this in such a way that the data are representative of the entire corporate universe, the Conference Board-CFAE survey does not meet the criteria of such a sampling process. Consequently, the data must be looked on as valid only for the companies that comprise the sample itself. These statistics and the trends they reveal are useful to corporate planners as indications of what large corporate donors are doing, but, taken alone, they could be misleading as indicators of the total national picture of corporate giving.

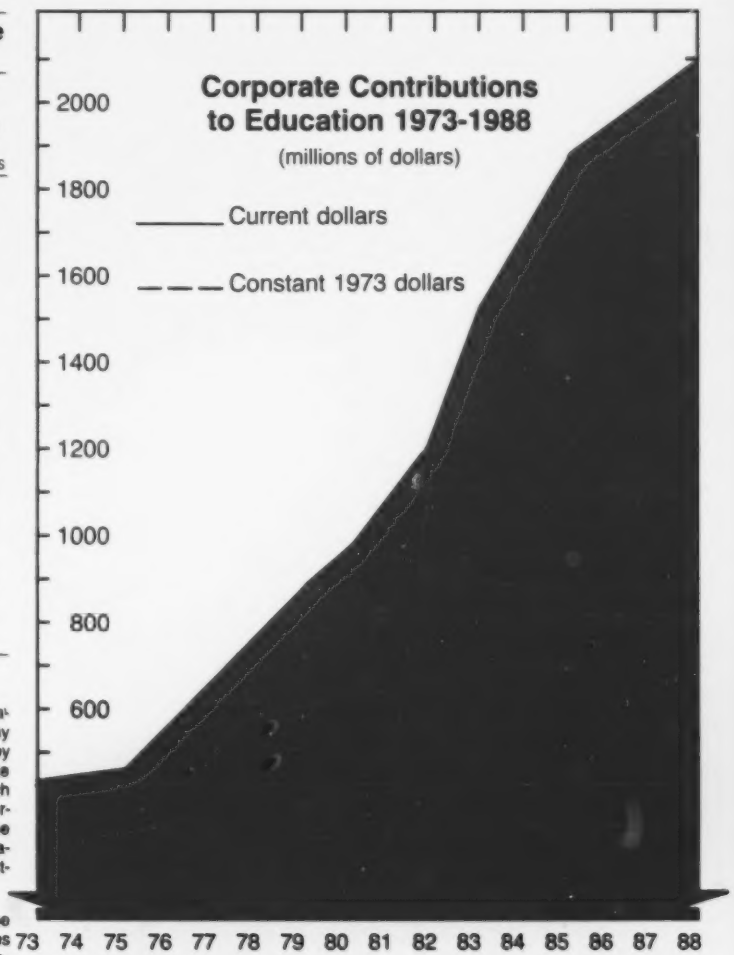
Table 1. National Trends in Corporate Pretax Net Income and Contributions

Year	Pretax Net Income* (billions of dollars)	Contributions (millions of dollars) Total**	Education***	Contributions as a Percentage of Pretax Net Income Total	Education	Education as a Percentage of Total Contributions
1973	127.2	1,174	410	0.92	0.32	34.9
1974	138.9	1,200	445	0.86	0.32	37.1
1975	134.8	1,202	450	0.89	0.33	37.4
1976	170.3	1,487	560	0.87	0.33	37.7
1977	200.4	1,791	665	0.89	0.33	37.1
1978	233.5	2,084	780	0.89	0.33	37.4
1979	257.2	2,288	880	0.89	0.34	38.5
1980	237.1	2,359	980	0.99	0.41	41.5
1981	226.5	2,514	1,090	1.11	0.48	43.4
1982	169.6	2,906	1,250	1.71	0.74	43.0
1983	207.6	3,627	1,525	1.75	0.73	42.0
1984	240.0	4,057	1,700	1.69	0.71	41.9
1985	224.3	4,472	1,875	1.99	0.84	41.9
1986	221.6	4,650***	1,950	2.10	0.88	41.9
1987	266.7	4,650***	2,050	1.74	0.77	44.1
1988	306.8	4,800***	2,100	1.56	0.68	43.8

* U.S. Department of Commerce.
** Internal Revenue Service.
*** CFAE estimate.

Note: The figures for total corporate contributions and corporate contributions to education are not completely comparable. The former is an IRS figure that includes company grants to their own sponsored foundations and excludes the gifts and grants made by these foundations. As a consequence, they understate the consolidated total of corporate and corporate-foundation contributions for the period after 1979 and other years in which foundation giving is larger than company grants to their foundations. The figures for corporate contributions to education, on the other hand, are CFAE estimates that include the grants made by both corporations and corporate foundations, but not grants by corporations to their own foundations. As a result, the changes in education support as a percentage of total contributions are influenced by this lack of comparability.

The 1986 total contributions figure of $4,650 million reflects a CFAE adjustment to the $5,179 million figure released by the IRS, made to correct for a distortion CFAE believes was introduced as a consequence of the Tax Reform Act of 1986. In particular, CFAE believes that the 1986 IRS figure includes a significant amount of contributions actually made in 1987 but reported in 1986 for tax purposes. CFAE has estimated the magnitude of that distortion to be in the range of $500 million. The corollary to this is that the 1987 IRS figure, when it is released in the summer of 1990, should be in the range of $4,300 million. If that expectation proves correct, CFAE will adjust it upward to around $4,650 million, where we currently are estimating it. By making these two adjustments, we believe the figures will more accurately reflect actual corporate contributions in 1986 and 1987 and avoid the misleading appearance of substantial shifts in corporate support from one year to the next during the 1986-1988 period.



The Survey Results

The Survey of Corporate Contributions, jointly sponsored by CFAE and the Conference Board, reports annually on charitable contributions by the nation's leading corporations. The data that follow reflect only the information provided by companies that responded to the 1988 survey. For a discussion of the relationship between these figures and the national estimates presented on the preceding pages, see the appendix at the end of this report.

For the 1988 survey, 356 companies reported a grand total of $1.65 billion in contributions, of which 37 percent, or $615 million, was directed to education, virtually the same share as in 1987. Individual company budgets ranged from $2,000 to $75 million, with a median of $1.13 million. Education contributions ranged from a low of $350 to $37.9 million, with a median of $352,000. Although 356 companies returned questionnaires, not all of them supplied complete information. As a result, the number of companies reporting data in each of the tables that follow will differ.

Table 2 presents a profile of participants grouped by size of contributions budget. In 1988 more companies with budgets of less than $1 million, and fewer companies with budgets greater than $1 million, participated in the survey than in earlier years. As in the past, however, more than half of the responding companies reported annual budgets exceeding $1 million. Note that companies budgeting over $5 million for charitable giving account for almost four fifths of total contributions dollars, and more than four fifths of educational support dollars, for all companies in the sample.

The larger the total contributions budget, the greater the share generally directed to education causes. Companies with programs of less than $500,000 earmarked 28 percent of their contributions for education; those with programs of more than $5 million, 39 percent. The companies that devote the larger share to education are generally in the manufacturing sector, most especially the computer and office equipment, transportation equipment, and textiles and apparel industries, all of which reported more than 50 percent allocated to educational support. The highest percentage among the service companies was in the telecommunications industry, which allocated 41 percent to education.

WHERE THE DOLLARS GO

Since the CFAE-Conference Board survey was launched in 1974, participating corporations have directed between 35 and 43 percent of their contributions to education. In 1978, education passed health and human services as the recipient of the largest share and has maintained that position since. As shown in **Table 3**, education's share of total contributions in 1988 was 37 percent, a level that has persisted for ten years or more. The temporary jump to 43 percent in 1986 is likely a product of that year's Tax Reform Act, which made it particularly advantageous for corporations to reschedule to 1986 property gifts that were being considered for a later time.

Health and human service organizations received the second largest share of total contributions, 29 percent. Gifts in this category as a share of the total have been in a slow decline, slipping from a high of 41.2 percent in 1975 to just below 30 percent more recently.

Civic and community groups received about 13 percent of the total; their share has been declining since 1984 when they received 19 percent. Giving to arts and cultural institutions has held steady at around 11 percent throughout the 1980s. The remaining 9.5 percent went to "Other" causes, which include support for religious activities, overseas aid programs, special sports and patriotic activities and unallocated amounts.

Table 2. Profile of Participating Companies by Size of Contributions in 1988

Contributions Budget	Number of Companies		Contributions (millions of dollars) Total		Education		Education as % of Total
Less than $500,000	98	(27.5)	$ 25.5	(1.5)	$ 7.3	(1.2)	28.4
$500,000–$1 million	69	(19.4)	51.8	(3.1)	13.5	(2.2)	26.1
$1 million–$5 million	108	(30.3)	269.9	(16.4)	88.8	(14.4)	32.9
$5 million and over	81	(22.8)	1,301.4	(78.9)	505.6	(82.2)	38.8
TOTAL	356	(100.0)	$1,648.7	(100.0)	$615.1	(100.0)	37.3

(Figures in parentheses are percent of total.)

Table 3. Distribution of Corporate Contributions, 1984-1988 (millions of dollars)

	1984 415 Companies		1985 436 Companies		1986 370 Companies		1987 325 Companies		1988 356 Companies	
Education	$ 561.7	38.9%	$ 650.0	38.3%	$ 718.0	42.9%	$ 610.1	36.8%	$ 615.1	37.3%
Health and Human Services	399.9	27.7	494.1	29.2	468.6	28.0	450.5	27.2	480.9	29.2
Civic and Community Activities	271.6	18.8	279.5	16.5	220.5	13.2	236.1	14.2	212.7	12.9
Culture and Art	154.7	10.7	187.5	11.1	198.8	11.9	178.6	10.8	183.7	11.1
Other	56.4	3.9	83.5	4.9	68.1	4.0	183.0	11.0	156.4	9.5
TOTAL	$1,444.3	100.0%	$1,694.6	100.0%	$1,674.0	100.0%	$1,658.3	100.0%	$1,648.7	100.0%

Note: Totals in Tables 2-15 may not add due to rounding.

WHERE EDUCATION DOLLARS GO

Almost all of the companies responding to the survey gave a breakdown of their education figures by broad purpose. **Table 4** compares educational allocations in 1988 with 1987.

Until 1988, there had been remarkable consistency with regard to the share of corporate support directed to colleges and universities. Higher education had secured between 69 and 71 percent of allocated education dollars for many years, with the one exception of 1986 when several large nonrecurring property gifts lifted its share to 77 percent. In 1988, however, grants to higher education dropped to 64 percent of the total, a significant decline. As will be discussed on the following page, this seems to reflect a growing corporate commitment to precollege education.

The survey of corporations does

Table 4. Support of Education by Purpose (thousands of dollars)

	1987 (325 companies)		1988 (356 companies)	
	Amount	% of Total	Amount	% of Total
Colleges and Universities				
Unrestricted operating, capital, departmental, research, student-aid grants and grants via consortia	$290,873	51.7	$275,545	47.2
Matching gifts	99,500*	17.7	98,231*	16.9
Total Colleges and Universities	$390,373	69.4	$373,776	64.1
Precollege Education				
Public and private school support and other	$ 25,232	4.5	$ 41,590	7.1
Matching gifts	8,757*	1.5	9,953*	1.7
Total Precollege Education	$ 33,989	6.0	$ 51,542	8.8
Other Educational Programs				
Education-related organizations	$ 33,778	6.0	$ 55,874	9.6
Scholarships and fellowships	39,934	7.1	43,681	7.5
Other	64,951	11.5	58,579	10.0
Total Other Educational Programs	$138,663	24.6	$158,134	27.1
Total Allocated	563,025	100.0	583,452	100.0
Unallocated	47,121		31,634	
GRAND TOTAL	$610,146		$615,086	

* Estimates based on CFAE matching-gift surveys. Participants did not break out higher education from precollege matching gifts.

Table 5. Percentage Distribution of Allocated Educational Support by Purpose, by Industry, 1988

Industry	Number of Companies	Total Dollars Allocated (000)	Colleges and Universities	Precollege	Matching Gifts*	Scholarships and Fellowships	Education-Related Organizations	Other
MANUFACTURING								
Chemicals	20	$ 54,940	66.2	4.5	7.9	3.6	14.2	3.6
Computers and Office Equipment	8	87,623	60.6	6.1	19.0	7.7	5.6	1.0
Electrical Machinery	9	28,117	48.5	6.9	15.0	7.3	8.1	14.2
Food, Beverage, Tobacco and Personal Products	15	36,222	27.9	2.8	19.1	19.9	13.5	16.8
Nonelectrical Machinery	11	5,243	67.5	2.4	18.3	5.8	6.0	0.0
Paper and Allied Products	13	6,834	41.8	15.4	21.0	7.9	9.7	4.2
Petroleum, Gas and Mining	21	79,666	40.0	8.5	26.9	5.8	11.1	7.7
Pharmaceuticals	13	29,511	43.3	3.5	20.0	8.7	15.9	8.6
Printing, Publishing and Media	8	11,331	17.3	39.0	23.2	7.3	12.7	0.5
Textiles and Apparel	5	2,258	60.3	6.8	23.9	2.6	6.4	0.0
Transportation Equipment	17	80,957	42.9	6.2	10.5	5.9	6.4	28.1
Primary Metals	13	6,889	54.3	5.4	23.2	9.9	6.8	0.4
Other Manufacturing	18	10,827	47.5	7.3	24.6	10.6	10.0	0.0
All Manufacturing	171	$440,418	48.0	6.9	17.7	7.6	9.6	10.2
NONMANUFACTURING								
Banks	39	$ 26,754	34.0	7.8	28.7	3.6	14.4	11.5
Finance	6	8,578	21.7	35.1	25.9	9.0	8.3	0.0
Insurance	34	21,104	42.6	5.9	28.8	6.0	13.6	3.1
Retail-Wholesale Trade	7	19,918	32.6	13.2	4.4	2.2	7.4	40.2
Telecommunications	10	46,365	59.1	2.1	13.8	5.3	6.9	12.8
Transportation	9	7,114	56.7	1.8	18.0	21.0	2.5	0.0
Electric and Gas Utilities	40	8,025	52.3	9.6	13.8	5.3	8.5	10.5
Other Services	11	10,251	22.4	2.6	47.0	22.8	2.8	2.4
All Nonmanufacturing	156	$148,108	43.4	7.5	20.5	6.8	9.1	12.7
GRAND TOTAL	327	$588,526	46.8	7.1	18.4	7.4	9.5	10.8

* As shown on Table 4, matching gifts to higher education contributed an average 16.9 percent of the allocated total; for precollege institutions, an average 1.7 percent.

not gather information on the distribution of support across types of educational institutions. However, the Council's survey of colleges and universities does gather such information in detail. The annual *Voluntary Support of Education*, based on the survey, shows that in the 1987-1988 academic year, for example, corporate support of higher education was evenly split between public and private institutions, although private institutions made up 64 percent of the 1,142 institutions responding to the survey. Research/doctoral universities, which comprised 16 percent of the responding institutions, received 77 percent of the corporate support. All other types of institutions (the four-year comprehensive, liberal arts and specialized institutions and the two-year colleges), comprising 84 percent of the survey respondents, received the remaining 23 percent of support.

The proportion of support given to precollege education by the survey participants showed its largest increase ever, up from 6 percent in 1987 to 8.8 percent in 1988. And the dollars reported here significantly understate the total amount directed to this sector. Corporations have been making significant grants to colleges and universities that specifically target elementary and secondary school populations, and these grants are usually booked as gifts to higher education. A recent CFAE check with a group of major donors to education indicates that perhaps 10 percent or more of grants to higher education by major corporations actually have precollege populations as their ultimate target — for example, grants for curriculum development and teacher training. In addition, many grants to education-related organizations include funds for programs, such as Junior Achievement, at the K-12 grade levels. Between 1986 and 1988 the total dollars logged by education-related organizations increased by $38 million, from 2.7 percent to 9.6 percent of total education dollars. Development of new programs for public schools may well account for a substantial part of this increase.

Finally, as suggested earlier, a substantial portion of corporate support to the schools is not in the form of direct cash, but rather volunteer time and in-kind help — not reported as charitable contributions.

In 1988, as in 1987, around 19 percent, or $108 million, of total education support from the survey companies came in the form of matching gifts. In recent years, about 75 percent of survey partici-

Table 6. Details of Allocated Education Support by Region, 1988 (thousands of dollars)

Region	Number of Companies	Education as % of Total Contributions	Total Education Dollars Allocated	Colleges and Universities	Precollege	Matching Gifts*	Scholarships and Fellowships	Education-Related Organizations	Other
New England (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut)	33	17%	$ 60,694 (100.0)	$ 30,174 (49.7)	$ 7,248 (11.9)	$ 10,756 (17.7)	$ 4,706 (7.8)	$ 7,172 (11.8)	$ 637 (1.1)
Mid-Atlantic (New York, New Jersey, Pennsylvania)	81	40%	195,289 (100.0)	84,694 (43.4)	11,667 (6.0)	51,970 (26.6)	15,123 (7.7)	22,408 (11.5)	9,427 (4.8)
East North Central (Illinois, Indiana, Michigan, Ohio, Wisconsin)	73	39%	136,496 (100.0)	61,900 (45.3)	10,646 (7.8)	17,541 (12.9)	6,939 (5.1)	6,517 (4.8)	32,954 (24.1)
West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota)	37	28%	52,836 (100.0)	29,683 (56.2)	3,623 (6.9)	5,960 (11.3)	4,039 (7.6)	8,342 (15.8)	1,190 (2.3)
South Atlantic (Delaware, Florida, District of Columbia, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, Puerto Rico, Virgin Islands)	32	36%	54,808 (100.0)	17,435 (31.8)	1,516 (2.8)	10,065 (18.4)	5,904 (10.8)	3,591 (6.6)	16,297 (29.7)
East South Central (Alabama, Kentucky, Mississippi, Tennessee)	13	30%	4,773 (100.0)	2,309 (48.4)	332 ((7.0)	971 (20.3)	360 (7.5)	801 (16.8)	0 (0.0)
West South Central (Arkansas, Louisiana, Oklahoma, Texas)	16	39%	21,718 (100.0)	11,310 (52.1)	1,360 (6.3)	4,942 (22.8)	2,092 (9.6)	2,014 (9.3)	1 (0.0)
Mountain (Arizona, Colorado, Idaho, Utah, Montana, Nevada, New Mexico, Wyoming)	4	25%	498 (100.0)	283 (56.9)	47 (9.5)	12 (2.3)	85 (17.2)	67 (13.5)	3 (0.6)
Pacific (Washington, Oregon, California, Alaska, Hawaii)	38	42%	61,413 (100.0)	37,757 (61.5)	5,150 (8.4)	5,968 (9.7)	4,431 (7.2)	4,963 (8.1)	3,143 (5.1)
TOTAL	327	37%	$588,526 (100.0)	$275,545 (46.8)	$41,590 (7.1)	$108,184 (18.4)	$43,681 (7.4)	$55,874 (9.5)	$63,652 (10.8)

(Numbers in parentheses represent percentage breakdown within a region.)

* As shown on Table 4, an estimated $98.2 million in matching gifts went to higher education, with the remainder, $10 million, earmarked for elementary and secondary schools.

pants have reported matching-gift programs. Corporate employees continued to direct corporate dollars through matching-gift programs primarily to institutions of higher education. Most corporate matching-gift dollars to the precollege sector go to private schools.

INDUSTRY DIFFERENCES

Industry differences in allocating funds for education are shown in Table 5 (see page 5). Because the number of respondents is small relative to the total number of companies in a given industry, the figures may not be typical of the industry as a whole and should be treated cautiously.

Colleges and universities continue to secure the lion's share of corporate giving to education in almost every industry. Chemicals, computers and office equipment, nonelectrical machinery, and textiles and apparel all allocated more than 60 percent of their education dollars to higher education. Among the service companies, telecommunications, transportation, and gas and electric utilities allocated more than 50 percent of their dollars to higher education. If we add in matching gifts, the percentages would be even higher.

Meanwhile, those industries appearing to be strong supporters of precollege education, with 35 percent or more allocated to this area, include printing, publishing and the media, and finance.

Among the manufacturing companies, the petroleum and gas industry contributed the largest amount of matching-gift dollars — amounting to 27 percent of the industry's total aid to education. Within the service sector, matching gifts made up more than 28 percent of total education support for the banking and insurance industries.

REGIONAL DIFFERENCES

Data on giving to education based on the headquarters location of the survey companies are presented in **Table 6** on the facing page.

Grants to higher education (exclusive of matching gifts and college scholarships awarded to individuals) accounted for more than 40 percent of the support dollars in most regions. New England was the only region in which corporate giving to precollege programs exceeded 10 percent of education budgets. Matching gifts accounted for about a quarter of the education dollars from the Mid-Atlantic region, while they comprised less than 10 percent in the Mountain and Pacific regions.

CONTRIBUTIONS RATIOS

The relationships between contributions and two financial measures — pretax net income and assets — are shown in **Table 7**. Between 1987 and 1988 the ratios of both total contributions and education support to pretax income and to assets fell rather dramatically. The ratios of both total and educational contributions to assets have been falling since 1984, and to income since corporate profits started to rise in 1987.

Table 7. Total Contributions and Educational Support in Relation to Worldwide and U.S.-Only Pretax Income and Assets, 1984-1988 (millions of dollars)

Worldwide	1984 392 companies	1985 409 companies	1986 351 companies	1987 283 companies	1988 334 companies
Total Contributions	$ 1,423.9	$ 1,636.4	$ 1,647.8	$ 1,538.6	$ 1,602.1
Support of Education	553.5	626.8	706.0	576.6	597.9
Pretax Income	147,716.0	159,974.0	137,979.6	140,614.0	181,035.6
Total Assets	2,593,032.0	3,260,887.2	3,339,512.2	3,147,083.1	4,112,398.4
Total Contributions as a Percentage of:					
Pretax Income	0.964	1.023	1.194	1.094	0.885
Total Assets	0.055	0.050	0.049	0.049	0.039
Support of Education as a Percentage of:					
Pretax Income	0.375	0.392	0.512	0.410	0.330
Total Assets	0.021	0.019	0.021	0.018	0.015
Support of Education as a Percentage of:					
Total Contributions	38.9	38.3	42.8	37.5	37.3
U.S. Only	340 companies	364 companies	308 companies	232 companies	179 companies
Total Contributions	$ 1,168.2	$ 1,361.6	$ 1,423.1	$ 1,208.8	$ 723.5
Support of Education	438.1	511.6	611.5	424.1	271.3
Pretax Income	89,013.0	98,461.6	80,718.5	77,456.5	63,806.5
Total Assets	1,540,271.0	2,256,935.8	2,108,554.6	1,772,623.8	1,781,130.1
Total Contributions as a Percentage of:					
Pretax Income	1.312	1.383	1.763	1.561	1.134
Total Assets	0.076	0.060	0.067	0.068	0.041
Support of Education as a Percentage of:					
Pretax Income	0.492	0.520	0.758	0.548	0.425
Total Assets	0.028	0.023	0.029	0.024	0.015
Support of Education as a Percentage of:					
Total Contributions	37.5	37.6	43.0	35.1	37.5

YEAR-TO-YEAR CHANGES

Since the sample of companies responding to the survey varies somewhat from year to year, the significance of change is best judged by examining companies participating in consecutive years. For the 202 core or "matched-case" companies — those that responded to both the 1987 and 1988 surveys — total contributions decreased by 1.3 percent, while support of education was up 0.6 percent, essentially unchanged.

Adjusting for one exceptionally large nonrecurring gift of property — a $90 million gift to the "Other" category in 1987 — total contributions would be up 5 percent in 1988 over 1987, rather than down 1.3 percent.

As **Table 8** shows, these core companies reported an increase in profits of 23 percent ($28.6 billion) from 1987 to 1988. As a result, giving to education as a share of earnings fell from .423 to .346 percent. Overall, education budgets did not keep up with the profit advances experienced during 1988, the second year of profit increases for core companies overall. But changes in contributions budgets typically lag profits by one to two years.

For the manufacturers in the core group, profits increased by 28 percent between 1987 and 1988, while giving to all causes decreased 2.8 percent and grants to education

Table 8. Support of Education, Two Survey Years (202 Companies Participating in Both Surveys)

Industry		1987 WWPTNI (millions)	1987 Support of Education Amount (000)	1987 As % of PTNI	1987 As % of Contributions	1988 WWPTNI (millions)	1988 Support of Education Amount (000)	1988 As % of PTNI	1988 As % of Contributions	Percent Change 1987-1988 Education	PTNI	Total Contributions
MANUFACTURING												
Chemicals	(16)	$ 12,404	$ 48,142	0.388	49.7	$ 16,150	$ 61,303	0.380	45.0	27.3	30.2	40.6
Computers and Office Equipment	(7)	12,631	98,622	0.781	57.9	13,736	83,123	0.605	54.1	-15.7	8.7	- 9.8
Electrical Machinery	(4)	5,145	28,935	0.562	18.5	8,147	26,932	0.331	34.4	- 6.9	58.3	-50.1
Food, Beverage, Tobacco and Personal Products	(13)	7,017	39,199	0.559	26.8	8,397	38,077	0.453	25.9	- 2.9	19.7	0.4
Nonelectrical Machinery	(9)	524	3,815	0.729	32.5	1,885	5,218	0.277	38.3	36.8	260.0	16.0
Paper and Allied Products	(7)	2,416	4,166	0.172	33.5	3,763	4,426	0.118	28.5	6.2	55.8	24.7
Petroleum, Gas and Mining	(17)	20,679	82,655	0.400	45.7	29,029	82,075	0.283	47.6	- 0.7	40.4	- 4.7
Pharmaceuticals	(8)	7,500	26,110	0.348	29.9	8,643	26,721	0.309	26.1	2.3	15.2	17.3
Printing, Publishing and Media	(7)	1,926	10,153	0.527	42.1	2,296	10,155	0.442	35.8	0.0	19.2	17.7
Transportation Equipment	(12)	19,240	72,073	0.375	53.0	20,801	74,061	0.356	51.4	2.8	8.1	6.0
Primary Metals	(8)	881	6,502	0.738	47.3	3,494	6,030	0.173	43.7	- 7.3	296.4	0.5
Other Manufacturing	(12)	2,505	7,608	0.304	30.1	2,806	8,047	0.287	29.9	5.8	12.0	6.2
All Manufacturing	(120)	$ 92,869	$427,980	0.461	40.3	$119,146	$426,168	0.358	41.3	- 0.4	28.3	- 2.8
NONMANUFACTURING												
Banks	(13)	$ (581)	$ 15,726	n.a.	27.3	$ 9,207	$ 17,893	0.194	28.1	13.8	n.a.	10.5
Finance	(4)	1,598	2,637	0.165	29.5	2,055	2,647	0.129	29.8	0.4	28.6	- 0.7
Insurance	(19)	4,003	12,161	0.304	27.5	4,296	12.557	0.292	27.1	3.3	7.3	4.7
Retail-Wholesale Trade	(4)	3,114	8,927	0.287	17.7	2,752	17,092	0.621	27.5	91.5	-11.6	22.8
Telecommunications	(6)	11,473	45,565	0.397	44.7	4,758	40,334	0.848	44.3	-11.5	-58.5	-10.6
Transportation	(4)	1,239	3,221	0.260	31.1	1,289	3,409	0.265	32.2	5.8	4.0	2.5
Electric and Gas Utilities	(25)	9,179	5,082	0.055	21.9	7,801	5,487	0.070	21.7	8.0	-15.0	9.1
Other Nonmanufacturing	(7)	1,026	3,462	0.337	31.8	1,212	2,502	0.206	22.2	-27.7	18.1	3.8
All Nonmanufacturing	(82)	$ 31,052	$ 96,780	0.312	31.5	$ 33,369	$101,921	0.305	31.9	5.3	7.5	3.8
GRAND TOTAL	(202)	$123,921	$524,760	0.423	38.3	$152,515	$528,089	0.346	39.1	0.6	23.1	- 1.3

(Numbers in parentheses show the number of companies reporting.)

Table 9. Contributions by Manufacturing Companies by Size of Worldwide Pretax Net Income and Assets, 1988

Pretax Net Income		% of PTNI Total	% of PTNI Education	Education as % of Total Contributions	Assets		% of Assets Total	% of Assets Education	Education as % of Total Contributions
Net Loss	(14)	n.a.	n.a.	34.4	Under $250 million	(9)	0.086	0.023	27.0
Less than $10 million	(4)	12.669	4.520	35.7	$250 million under $500 million	(21)	0.163	0.040	24.7
$10 million under $25 million	(9)	2.458	0.817	33.2	$500 million under $1 billion	(22)	0.100	0.047	47.1
$25 million under $50 million	(15)	1.447	0.384	26.6	$1 billion under $2.5 billion	(37)	0.104	0.035	33.7
$50 million under $100 million	(21)	0.853	0.301	35.3	$2.5 billion under $5 billion	(31)	0.101	0.035	34.5
$100 million under $250 million	(28)	1.155	0.361	31.3	$5 billion under $10 billion	(27)	0.129	0.046	35.9
$250 million under $500 million	(22)	1.101	0.405	36.8	$10 billion and over	(29)	0.063	0.028	44.6
$500 million under $1 billion	(27)	0.739	0.283	38.3					
$1 billion and over	(36)	0.818	0.351	42.9					
All Manufacturing Companies	(176)	0.862	0.352	40.9	All Manufacturing Companies	(176)	0.077	0.031	40.9

(Numbers in parentheses show the number of companies reporting.)

were essentially flat. In contrast, although the service companies experienced only a 7.5 percent increase in profits, their total contributions were up 3.8 percent and support of education was up by 5.3 percent. This is similar to the pattern in 1987, and the historical gap between the manufacturing and service sectors in support of education may be closing.

VARIATIONS BY SIZE

Contributions patterns also vary according to company size. **Table 9** shows the manufacturing companies grouped by ascending income and asset size. Historically, two patterns have been observed: first, as income increases, companies tend to contribute a smaller share of their incomes; and second, larger companies tend to allocate a larger share of their contributions budgets to educational purposes. Over the past two years these patterns have been weakening, although they are still evident.

INDUSTRY VARIATIONS

Table 10 compares total contributions and education support by industry in two ways: as a percentage of pretax net income (PTNI) and as a proportion of assets. Education giving as percentages of PTNI, assets and total contributions are to the right, along with industry ranking on these measures.

The 176 manufacturing companies gave 40.9 percent of total grants to education, while the 158 nonmanufacturers gave 29.2 percent, about the same as in 1987. The manufacturers also devoted a greater proportion of their profits and assets to education than did the service companies.

FORMS OF GIVING

Prior to 1984 noncash contributions amounted to about 10 percent of total contributions. Between 1984 and 1987 this share doubled to about 20 percent; then in 1988 it dipped to 14 percent of total contributions. For education programs, noncash gifts accounted for roughly 16 percent of the total, down slightly from 18 percent in 1987 and substantially below the 28 percent reported in 1986. Education received 40 percent of the noncash gifts from corporations in 1988; except for several extraordinary one-time transfers of real property, such gifts over the years have consisted largely of equipment such as computers and research gear. (See **Tables 11** and **12** on the following page.)

FOUNDATIONS SMOOTH THE UPS AND DOWNS

Seventy-one percent of the manufacturing companies and half the ser-

Table 10. Total Contributions and Support of Education in Relation to Worldwide Pretax Net Income and Assets and Comparative Rankings by Industry, 1988

Industry	Number of Companies	WWPTNI (millions)	Assets (millions)	Total Contributions (000)	Support of Education (000)	Education as a Percentage of: PTNI		Assets		Total Contributions	
MANUFACTURING											
Chemicals	21	$ 16,949	$ 119,044	$ 142,096	$ 63,281	0.373	(7)	0.053	(2)	44.5	(5)
Computers and Office Equipment	8	14,695	134,228	160,896	87,623	0.596	(3)	0.065	(1)	54.5	(1)
Electrical Machinery	9	8,110	143,377	87,841	30,037	0.370	(8)	0.021	(11)	34.2	(10)
Food, Beverage, Tobacco and Personal Products	15	9,253	76,778	152,849	39,400	0.426	(6)	0.051	(3)	25.8	(15)
Nonelectrical Machinery	11	1,951	27,530	13,808	5,243	0.269	(13)	0.019	(12)	38.0	(8)
Other Manufacturing	21	3,868	39,173	37,183	11,328	0.293	(11)	0.029	(7)	30.5	(11)
Paper and Allied Products	14	5,966	40,239	24,429	7,148	0.120	(20)	0.018	(15)	29.3	(14)
Petroleum, Gas and Mining	24	29,543	329,651	178,912	85,745	0.290	(12)	0.026	(9)	47.9	(4)
Pharmaceuticals	13	9,828	58,688	114,967	29,511	0.300	(10)	0.050	(4)	25.7	(16)
Primary Metals	12	4,499	31,696	15,997	6,754	0.150	(19)	0.021	(10)	42.2	(6)
Printing, Publishing and Media	7	2,296	20,327	28,356	10,155	0.442	(5)	0.050	(5)	35.8	(9)
Textiles and Apparel	5	197	4,675	4,482	2,258	1.148	(1)	0.048	(6)	50.4	(2)
Transportation Equipment	16	21,247	425,914	153,958	77,572	0.365	(9)	0.018	(14)	50.4	(2)
All Manufacturing	176	128,402	1,451,322	1,115,773	456,054	0.355		0.031		40.9	
NONMANUFACTURING											
Banks	36	12,846	1,100,443	104,606	25,367	0.197	(18)	0.002	(20)	24.2	(18)
Electric and Gas Utilities	43	11,327	167,921	40,402	9,028	0.080	(21)	0.005	(18)	22.3	(21)
Finance	6	3,550	398,983	29,183	8,578	0.242	(15)	0.002	(21)	29.4	(13)
Insurance	36	8,869	642,333	77,962	22,985	0.259	(14)	0.004	(19)	29.5	(12)
Other Nonmanufacturing	10	1,237	19,273	11,663	2,658	0.215	(16)	0.014	(17)	22.8	(20)
Retail-Wholesale Trade	7	3,853	106,032	82,327	19,918	0.517	(4)	0.019	(13)	24.2	(19)
Telecommunications	10	7,604	176,827	112,742	46,365	0.610	(2)	0.026	(8)	41.1	(7)
Transportation	10	3,347	49,265	27,433	6,924	0.207	(17)	0.014	(16)	25.2	(17)
All Nonmanufacturing	158	52,633	2,661,077	486,317	141,821	0.269		0.005		29.2	
GRAND TOTAL	334	$181,036	$4,112,398	$1,602,090	$597,875	0.330		0.015		37.3	

(Industry rankings are in parentheses.)

Table 11. Forms of Giving: Total Contributions (millions of dollars)

	1987			1988		
	Amount		% of Total	Amount		% of Total
Cash	$1,304.8	(311)	78.8	$1,393.5	(352)	85.6
Securities	4.1	(4)	0.2	1.4	(2)	0.1
Company Products	182.4	(67)	11.0	174.4	(76)	10.7
Other Property	164.1	(56)	9.9	58.9	(67)	3.6
Total	$1,655.4	(311)	100.0	$1,628.1	(352)	100.0

(Numbers in parentheses show the number of companies reporting.)

Table 12. Forms of Giving to Education (millions of dollars)

	1987			1988		
	Amount		% of Total	Amount		% of Total
Cash	$484.2	(293)	82.2	$505.9	(346)	84.3
Securities	0.0		0.0	0.0		0.0
Company Products	73.5	(26)	12.5	59.2	(22)	9.9
Other Property	31.3	(29)	5.3	35.3	(44)	5.9
Total	$588.9	(293)	100.0	$600.3	(346)	100.0

(Numbers in parentheses show the number of companies reporting.)

Table 13. Percentage of Reporting Companies with Foundations, by Industry, 1988 — Ranked by Percentage with Foundations

Industry		Percentage	Industry		Percentage
MANUFACTURING			Textiles and Apparel	(5)	40
			All Manufacturing	(185)	71
Food, Beverage, Tobacco and Personal Products	(16)	88	NONMANUFACTURING		
Pharmaceuticals	(13)	85			
Other Manufacturing	(21)	81	Finance	(6)	83
Electrical Machinery	(10)	80	Banks	(42)	64
Paper and Allied Products	(14)	79	Retail-Wholesale Trade	(8)	63
Transportation Equipment	(19)	79	Insurance	(38)	63
Primary Metals	(13)	69	Telecommunications	(10)	60
Chemicals	(22)	68	Other Services	(13)	54
Printing, Publishing and Media	(8)	63	Transportation	(11)	36
			Electric and Gas Utilities	(43)	19
Petroleum, Gas and Mining	(25)	56	All Nonmanufacturing	(171)	50
Nonelectrical Machinery	(11)	55			
Computers and Office Equipment	(8)	50	ALL COMPANIES	(356)	61

(Numbers in parentheses show the number of companies reporting.)

vice companies responding to the survey have established company foundations (see **Table 13**). Of these 217 companies with foundations, 28 made all their 1988 contributions through their foundations; others chose to make part of their contributions through their foundations and the rest directly to the donees from the corporation.

A foundation can help stabilize the flow of charitable contributions by maintaining grants even when its parent company reduces contributions in times of declining or uncertain profits. The foundation can use earnings on its assets, draw down assets or do both in order to maintain a desired giving level. In periods of high profits, the company can replenish the foundation assets.

Table 14 presents the contributions of the survey respondents and their foundations for the past five years. The first line on the table shows the total gifts reported by the companies to the Internal Revenue Service for income-tax purposes. These include gifts from the corporations to their foundations, shown on the second line and then subtracted from line one to determine the total given directly by corporations to charitable causes. Then, grants made by the foundations are added in to give the total consolidated contributions from both the cor-

Table 14. Structure of Corporate Contributions (millions of dollars)

	1984	1985	1986	1987	1988
Total Company Gifts	$1,448.9 (404)	$1,666.5 (438)	$1,688.6 (353)	$1,555.2 (315)	$1,375.2 (345)
Less: Gifts to Company Foundations	562.2 (157)	614.0 (269)	649.1 (157)	486.8 (129)	433.7 (131)
Direct Company Gifts to Others	886.7 (388)	1,052.5 (412)	1,039.5 (334)	1,068.4 (293)	941.5 (325)
Plus: Company Foundation Gifts	569.2 (230)	658.4 (271)	641.0 (224)	609.9 (196)	691.6 (201)
Total Corporate Contributions	$1,455.9 (422)	$1,710.9 (439)	$1,680.5 (372)	$1,678.3 (328)	$1,633.1 (353)
Difference Between Foundation Receipts and Foundation Gifts	−7.0	−44.4	+8.1	−123.1	−257.9
Cumulative Change from 1974	−308.4	−352.8	−344.7	−467.8	−725.7
Companies with Foundations	243	269	240	213	217

(Numbers in parentheses show the number of companies reporting.)

porate foundations and their parent companies to all causes.

Almost three fifths of the contributions of survey participants in 1988 came directly from the corporations; the median was $714,000, down from $768,000 in 1987 and $780,000 in 1986. The median value of foundation contributions programs was $1.5 million in 1988, up from $1.3 million in 1987 and about $1 million in 1986.

Once again this year, foundation expenditures exceeded company payments into their foundations; the 1988 amount was $258 million. Thirteen companies paid $10 million or more each into their foundations, with the largest payment $26 million. Over the last five years, foundations have paid out some $424 million more than their parents paid in, funding the contributions by drawing on accumulated reserves and the earnings on those reserves.

INDIVIDUAL COMPANIES

Table 15 presents a giving profile of the top 25 contributors to education from the manufacturers and from the service companies responding to the survey. These 50 donors together provided more than two thirds of the education support reported by all respondents. Their contributions to education in 1988 were $8 million, or 2 percent, greater than those made by the top 25 in each category in 1987. The increase is attributable to the service companies, which increased their combined contribution to education by $16 million, or 17 percent. The top manufacturing companies, on the other hand, decreased their collective giving to education by $7.5 million, or 2.5 percent. The comparison is inexact, to be sure, since the actual companies in the top 25 lists vary somewhat from year to year.

The 25 manufacturing companies provided 60 percent of total contributions and 68 percent of the total education grants reported by all 185 manufacturing respondents, while the 25 top service companies provided 62 percent of the total contributions and 72 percent of all education grants made by 171 service respondents.

Table 15. Top 25 Manufacturing and Nonmanufacturing Companies Ranked by Education Support, 1988

	Education Support (000)	Total Contributions (000)	Education as % of Total	Worldwide PTNI (millions)	Contributions as a Percentage of PTNI	
					Education	Total
MANUFACTURING						
1.	$ 37,885	$ 74,965	50.5	$ 9,033	0.419	0.830
2.	34,188	50,916	67.1	6,735	0.508	0.756
3.	20,997	34,685	60.5	8,300	0.253	0.418
4.	18,242	26,062	70.0	1,142	1.597	2.282
5.	15,465	52,343	29.5	5,940	0.260	0.881
6.	14,740	34,245	43.0	3,824	0.385	0.896
7.	14,661	29,090	50.4	1,882	0.779	1.546
8.	14,428	47,411	30.4	2,286	0.631	2.074
9.	12,600	19,963	63.1	2,459	0.512	0.812
10.	12,129	27,629	43.9	1,700	0.713	1.625
11.	10,656	22,889	46.6	3,307	0.322	0.692
12.	9,747	20,138	48.4	2,236	0.436	0.901
13.	9,725	29,865	32.6	8,343	0.117	0.358
14.	9,197	21,668	42.4	1,066	0.863	2.034
15.	8,735	19,792	44.1	3,867	0.226	0.512
16.	8,497	30,311	28.0	1,630	0.521	1.860
17.	8,000	17,000	47.1	1,005	0.796	1.692
18.	7,633	15,368	49.7	3,461	0.221	0.444
19.	7,237	15,098	47.9	820	0.883	1.841
20.	7,004	16,839	41.6	2,899	0.242	0.581
21.	6,910	20,775	33.3	2,802	0.247	0.741
22.	6,640	23,725	28.0	1,396	0.476	1.699
23.	6,355	11,437	55.6	1,692	0.376	0.676
24.	6,011	14,121	42.6	1,871	0.321	0.755
25.	5,727	11,409	50.2	1,165	0.492	0.979
	$313,407	$687,742	45.6	$ 80,860	0.388	0.851
NONMANUFACTURING						
1.	$ 23,602	$ 43,491	54.3	$ (3,382)	n.a.	n.a.
2.	14,407	34,336	42.0	1,454	0.991	2.362
3.	6,279	15,146	41.5	2,431	0.258	0.623
4.	6,099	18,637	32.7	1,909	0.320	0.976
5.	5,984	5,984	100.0	n.a.	n.a.	n.a.
6.	5,637	18,943	29.8	1,331	0.424	1.423
7.	4,554	15,024	30.3	763	0.597	1.969
8.	3,920	14,989	26.2	1,410	0.278	1.063
9.	3,641	11,100	32.8	905	0.402	1.227
10.	3,392	10,892	31.1	2,707	0.125	0.402
11.	2,932	8,860	33.1	872	0.336	1.016
12.	2,857	8,331	34.3	508	0.562	1.640
13.	2,708	10,817	25.0	1,059	0.256	1.022
14.	2,699	9,322	29.0	1,972	0.137	0.473
15.	2,685	18,589	14.4	970	0.277	1.916
16.	2,429	6,630	36.6	908	0.268	0.730
17.	2,339	8,040	29.1	1,014	0.231	0.793
18.	2,227	7,412	30.0	1,315	0.169	0.564
19.	2,029	11,032	18.4	1,057	0.192	1.044
20.	1,801	9,605	18.7	377	0.477	2.546
21.	1,718	4,900	35.1	914	0.188	0.536
22.	1,705	9,900	17.2	781	0.218	1.268
23.	1,549	3,506	44.2	1,688	0.092	0.208
24.	1,373	6,862	20.0	(335)	n.a.	n.a.
25.	1,339	3,872	34.6	964	0.139	0.402
	$109,905	$316,220	34.8	$ 23,591	0.466	1.340

Appendix: About This Report

This report presents the results of the 15th Annual Survey of Corporate Contributions, a joint project of CFAE and the Conference Board. Although the information included here relates primarily to corporate support of education, the data are consistent with the tabulations presented by the Conference Board in its more general report which covers corporate support of areas other than education.

Usable questionnaires were returned by 356 companies. While the sample is very small in relation to the total number of incorporated enterprises in the United States, it provides the basis for the national estimates, calculated by the Council for Aid to Education, that are presented in Table 1. The participating companies account for disproportionate shares of the dollar totals applicable to the entire corporate universe. In particular, these companies account for three fifths of the total pretax net income and about one third of estimated total contributions and educational support of the entire population of nearly three million corporations in this country.

In addition, the survey companies provide information that is not available for the entire corporate universe, including regional differences and data on the distribution of corporate contributions by purpose.

MEASURING TOTAL CONTRIBUTIONS

At the present time the only nationwide data on total corporate philanthropy in the United States are those tabulated by the Internal Revenue Service (IRS) from the corporate income tax returns filed each year. In some instances these figures include monies that were not actually paid to donees in that year, and in other cases they do not include all of the corporate contributions dollars received by charitable organizations in the year.

Although the magnitude of the differences between the IRS figures and actual contributions is not now known, this survey is collecting data that may make future estimates possible. It is already evident that the differences are significant and that they vary from year to year, depending on business conditions, earnings on the assets of corporate foundations, tax regulations and other elements. Three factors contribute to the differences.

1. The figures reported by corporations on their income tax returns include contributions to company-sponsored foundations but exclude the gifts and grants made by these foundations. Company foundations were established primarily to insulate the flow of contributions from the ups and downs of the business cycle. Typically, therefore, the amounts given by a company to its foundation in a prosperous year will exceed the contributions made by that foundation, thus enabling the foundation to add to its reserve against leaner times. The IRS figures in this year will overstate the amounts actually given to donees. Conversely, in depressed times when company payments either slow or stop completely, the foundation will draw upon its reserves to maintain the level of its contributions program. The IRS figures for these years will understate actual gifts.

2. The tax code allows for carryovers of contributions from past years and into the future, thus distorting reported amounts of gifts and grants. The tax code provides that certain exclusions and deductions, not ordinarily recognized by generally accepted accounting principles, may be used by corporations in calculating their taxable income. These provisions can result in taxable income that is significantly lower than pretax net income. The code also provides that up to 10 percent of taxable income can be deducted for charitable contributions for taxable years starting after December 31, 1981. Any time contributions exceed this allowable percentage, the excess contributions can be carried into the following years [Section 170(d)(2)]. An unknown portion of the amount reported by corporations to the IRS includes excesses from previous years and excludes amounts paid during the current year that are being carried forward.

3. Many companies use the right to "prepay" contributions, as provided in Section 170(a)(2) of the tax code. Under certain circumstances contributions made in the first two and a half months of a year may be taken as a deduction from the prior year's income. An undetermined amount of the contributions reported to the IRS includes funds that were actually disbursed in the following year.

It is clear therefore that the amount actually received by charitable organizations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year.

DEFINITIONS: CONTRIBUTIONS

Because of the problems with IRS contributions data outlined above, this report contains figures with different bases. The national contributions totals in Table 1 are from the IRS; all other figures on total contributions and support of education are based on figures reported by the respondents and include gifts and grants made by their company-sponsored foundations, as well as contributions made directly by the companies themselves, but exclude payments by the companies into their foundations. Most of these figures are for payments actually made during the year and exclude any carryovers or prepayments reported for income tax purposes.

DEFINITIONS: FINANCIAL DATA

The information regarding assets and pretax net income is what the survey respondents reported in their consolidated financial statements. It includes dollars derived from overseas sources as well as from domestic operations. The data for companies without international operations are included in the "worldwide" figures. A number of companies, however, expressed an interest in information related only to operations in the United States since most contributions are limited to institutions in this country. A few comparisons are made using these domestic data, although worldwide figures are used in most of the analyses. The Conference Board's *Annual Survey of Corporate Contributions* includes additional tables with detailed comparisons of "U.S. Only" data.